

2011 Retirement Legislation As of March 24, 2011

Probably Dead

PERB Proposals

HB 70 – General Revisions Bill

Sponsor: Representative Mike Menahan

Status: Passed House State Administration – 2/10/2011, 18-0; Passed the House – 2/17/2011, 92-6; Transmitted to Senate – 2/17/2011; Scheduled for Hearing in Senate State Administration – 3/9/2011; Senate State Admin Concurred 8-0 – 3/9/2011; Senate Concurred 39-10 – 3/16/2011; ***Transmitted to Governor – 3/22/2011***

Fiscal Impact: None

Bill Description: This is our biennial housekeeping bill. This bill cleans up old language and provisions, adds required Federal and State mandates and clarifies language to the reader. SAVA has recommended the Legislature enact the General Revisions Bill.

HB 85 – Working Retirees

Sponsor: Representative Franke Wilmer

Status: Hearing House State Administration – 1/14/2011; Scheduled for Executive Action Tuesday, 2/15/2011; ***Tabled in Committee 2/15/11, 12-6; Missed Transmittal Deadline***

Fiscal Impact Description: Each employer shall pay the required contributions on the compensation received by retired members who have returned to covered employment, effective July 1, 2011. HB85 will provide a small amount of additional funding for the applicable retirement systems to offset the adverse affect of retirees returning to work in place of active contributing members.

Bill Description: This bill requests employer contributions on all working retirees (PERS, SRS, and FURS). Working retirees strain the system. If these needed positions were filled with new hires, the system would be receiving employer contributions. With baby boomers retiring but not entirely leaving the work force, it is anticipated that working retirees will grow impacting the actuarial funding. SAVA did not recommend passage of this bill to the Legislature due to a tie vote.

HB 119 – VFCA Rewrite

Sponsor: Representative Gordon R Hendrick

Status: Passed House State Administration Committee 18-0, Passed House 100-0, Transmitted to Senate, Referred to Senate State Administration 2/3/2011; Scheduled for Hearing in Senate State Administration – 3/4/2011; Senate State Admin Concurred 8/0 – 3/4/2011; Senate Concurred 48-1 – 3/11/2011; ***Transmitted to the Governor – 3/17/2011***

Fiscal Impact: None

Bill Description: This is a housekeeping bill concentrating solely on the volunteer firefighters' compensation act statutes. These statutes have not kept up with society and business process requirements. The volunteer firefighters' association and other interested parties attended several meeting discussing this bill. This bill has no fiscal impact. SAVA has recommended the Legislature enact this bill.

HB 122 – PERS Funding

Sponsor: Representative Sue Malek

Status: Hearing in House State Administration 2/1/2011; Passed Committee with Amendment 2/15/2011, 15-3; Passed House 82-12 – 3/3/2011; ***Scheduled for Hearing Senate State Administration – 3/16/2011***

Category: Appropriation Bill

Transmittal Date: 3/19/2011

Amendment: Eliminated funding mechanism (increase in employer contribution).

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll and the employee contributions for new hires after July 1, 2011 to aid in the actuarially soundness of the Public Employees' Retirement System. In addition, it amends retirement benefits and eligibility for new hires, extending the definition of highest average compensation to 60 months, raising the retirement age for service retirement, and adding a tiered approach to the benefit calculation, based on years of service.

Bill Description: This bill *for new hires only*:

- (1) increases highest average compensation from 36 to 60 months;
- (2) increases normal retirement age from 60 with 5 years of service to 65 with 5 years of service;
- (3) phases in the multiplier:
 - (a) 1.5% per year if service is less than 10 years,
 - (b) 1.785% per year if service is greater than or equal to 10 years but less than 30 years,
 - (c) 2% per year if service is greater than or equal to 30 years;
- (4) Increases employee contributions 1% each year of the biennium.

The bill also:

- (5) Increases employer contribution (on all covered payroll) by 1% each year of the biennium

There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

HB 134 – GWPORS Funding

Sponsor: Representative Carolyn Squires

Status: Hearing in House State Administration – 1/17/2011; Passed Committee with Amendment – 2/15/2011, 12-6; Passed House 95-4 – 2/18/2011; Transmitted to Senate 2/18/2011; Referred to Senate State Administration, 2/21/2011; ***Scheduled for 2nd Reading – 3/24/2011***

Amendment: Eliminated funding mechanism (increase in employer contribution).

Category: General Bill

Transmittal Date: 2/24/2011

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll after July 1, 2011 to aid in the actuarially soundness of the Game Wardens' and Peace Officers' Retirement System. In addition, it provides for new hires, extending the definition of highest average compensation to 60 months.

Bill Description: This bill changes highest average compensation from 36 to 60 months for all new hires. It also increases employer contributions by 1% each year of the biennium. There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

HB 135 – SRS Funding

Sponsor: Representative Carolyn Squires

Status: Hearing in House State Administration – 1/17/2011, Passed Committee with Amendment – 2/15/2011, 16-2; Passed House 94-1 – 3/03/2011; Scheduled for Hearing Senate State Administration – 3/14/2011; *Concurred in Senate State Administration 8-0 – 3/22/2011*

Amendment: Eliminated funding mechanism (increase in employer contribution).

Category: Revenue Bill

Transmittal Date: 3/30/2011

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll after July 1, 2011 to aid in the actuarially soundness of the Sheriffs' Retirement System. In addition, it provides for new hires, extending the definition of highest average compensation to 60 months.

Bill Description: This bill changes highest average compensation from 36 to 60 months for all new hires. It also increases employer contributions by 1% each year of the biennium. There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

Other Retirement Legislation

HB 197 – Constitutional amendment allowing legislature to change retirement plans

Sponsor: Representative Brian Hoven

Board Position: Oppose

Status: Referred to House State Administration – 1/10/2011; *Tabled in Committee – 2/16/2011, unanimously.*

Category: Referendum Proposal

Transmittal Date: 3/30/2011

Fiscal Impact: No Fiscal Note

Bill Description: This bill allows the legislature to modify the retirement plan contracts to current plan members in order to maintain the actuarial soundness of the plans.

Note: This does not address the Federal Constitution protection of contract rights. It appears that this bill addresses all members: active, inactive and retirees.

HB 317 – Sunset statutory appropriations over certain periods

Sponsor: Representative Rob Cook

Board Position: Oppose; "Constitutional Issue" - Requirement to pay ARC

Status: Hearing in House Appropriations – 1/26/2011; Passed Committee 14-7 – 3/21/2011; *Passed House 2nd Reading 67-32 – 3/23/2011*

Category: Appropriation Bill

Transmittal Date: 3/19/2011

Fiscal Impact: Impacts the actuarial soundness of the addressed retirement systems.

Bill Description: This bill sunsets state contributions into PERS, HPORS, MPORS, FURS and VFCA as of 2015. The bill also sunsets other state appropriations – placing all state appropriations on an 8-year review schedule.

HB 328 – Include dispatchers in the sheriffs’ retirement system

Sponsor: Representative Franke Wilmer

Board Position: Support

Status: Hearing House State Administration 2/3/11, *Tabled in Committee 2/16/2011, 13-5; Missed Transmittal Deadline*

Fiscal Impact: Increases SRS shortfall from 4.03% to 4.78%, decreases PERS shortfall from 5.01% to 4.97%; Minimal impact on normal cost in both systems.

Bill Description: This bill requires public safety communications officers (dispatchers) to be members of the SRS on or after July 1, 2011. It also allows current PERS dispatchers an election to transfer from PERS to SRS no later than October 1, 2011.

HB 597 – Generally revise retirement plan laws

Sponsor: Representative Scott Reichner

Board Position: Oppose, due to “Constitutional Issue”; Dislike prohibiting members from drawing a benefit eligible for.

Status: Scheduled for Hearing House State Administration – 3/9/2011; *Tabled in Committee at sponsor’s request – 3/10/2011*

Category: General Bills

Transmittal Date: 2/24/2011

Fiscal Impact:

Bill Description: This bill prohibits retired members who receive retirement benefits from a state retirement system from being members of PERS, SRS, GWPORS, TRS. Requires employer and state supplemental contributions if an employer hires a person who is prohibited from membership in a retirement system. Increases employee contributions for all members in PERS, SRS, GWPORS and TRS. Effective July 1, 2011.

HB 608 – Generally revise retirement plan laws

Sponsor: Representative Wayne Stahl

Board Position: Oppose – cost

Status: Referred to House State Administration – 3/12/2011; *Tabled in Committee – 3/23/2011*

Fiscal Impact:

Bill Description: This bill closes all existing state public retirement systems and creates an annuity benefit program administered by the Department of Administration. It requires 7% employer and employee contributions for PERS and TRS. All other plans require 10% employer and employee contributions. The bill also provides an appropriation of \$250,000 for the administrative expenses. Effective date July 1, 2011.

HB 632 – Use spendable portion of coal severance tax to pay down UAL in PERS, TRS, SRS, GWPORS

Sponsor: Representative Janna Taylor

Board Position:

Status: Referred to House State Administration – 3/21/2011; Scheduled for hearing- 3/23/2011; **Passed Committee 17-1 – 3/24/2011**

Fiscal Impact:

Bill Description: This bill requires that a portion of the expendable portion of coal severance tax collections in fiscal years beginning after June 30, 2013, be deposited in the PERS, SRS, GWPORS and the TRS proportionally based on the actuarial unsoundness of those systems.

SB 113 – Transfer statutory excess retirement funds in trust by school districts to TRS

Sponsor: Senator Larry Jent

Board Position: Support

Status: Hearing in Senate State Administration – 1/19/2011; Passed Committee as Amended – 2/17/2011; Transmitted to House – 2/22/2011; ***Hearing House State Administration – 3/15/2011***

Amendment: Delays the transfer to September 1, 2011 and September Delays the transfer.

The transfer is the lesser of: THE AMOUNT EARMARKED AS AN OPERATING RESERVE ON THE ADOPTED RETIREMENT FUND BUDGET FOR FISCAL YEAR 2011 MINUS 20% OF THE ADOPTED RETIREMENT FUND BUDGET FOR FISCAL YEAR 2011; OR (B) THE RETIREMENT FUND BALANCE FOR FISCAL YEAR 2011 MINUS THE ALLOWABLE RETIREMENT FUND OPERATING RESERVE FOR FISCAL YEAR 2012.

Fiscal Impact: It is estimated that 84% (\$13.1M) of the money would go to TRS and approximately 16% (\$2.1M) to PERS based on the 2010 employer contributions.

Bill Description: This bill reduces the percentage of school districts retirement funds operating reserve from 35% to 20%. It also provides a one-time transfer of the excess reserve to TRS and PERS.

SB 223 – Revise volunteer firefighter pensions

Sponsor: Senator Ryan Zinke

Board Position: Informational

Status: Referred to Business, Labor & Economic Affairs; Hearing 1/28/11; Passed Committee with Amendments 11-0; Passed Senate 48-1; Transmitted to House – 2/12/2011; Referred to House Business & Labor – 2/22/2011; Hearing House Business & Labor – 3/11/2011; ***Committee Concurred 15-6 – 3/16/2011***

Fiscal Impact: None

Bill Description: This bill allows current member to receive an increase of \$7.50/mo for each additional year of credited service after 30 years, if the pension trust fund is actuarially sound and the amortization period remains 20 years or less. The benefit enhancement under this act is eliminated if the unfunded actuarial liabilities amortization period is greater than 20 years.

SB 229 – Revise laws relating to state-tribal coop agreements act and PERS

Sponsor: Senator Jon Sonju

Board Position: Informational; Request amendment for IRS approval.

Status: Referred to Senate State Administration – 1/13/2011; Passed Committee with Amendment – 2/11/2011 8-0; Passed Senate – 2/17/2011, 50-0; Transmitted to House – 2/17/2011; Hearing House State Administration – 3/16/2011; ***Committee Concurred 17-1 – 3/18/2011***

Amendment: To specifically address Irrigation project entities.

Fiscal Impact: None

Bill Description: This bill authorizes separate legal entities created under the state-tribal cooperative agreements to contract with the Public Employees' Retirement Board to provide retirement system coverage for employees of a legal entity.

SB 328 – Require PERS new hires to be in DC plan

Sponsor: Senator Dave Lewis

Board Position: Oppose – cost

Status: Hearing Senate State Administration – 2/16/2011; Executive Action Scheduled – 2/18/2011; Re-referred to Senate Finance & Claims – 2/19/2011; Hearing 3/15/2011;
Passed as Amended 11-9 – 3/22/2011

Amendment: Change disability benefit to require 5 year vesting period for eligibility.

Fiscal Impact: This will cost \$160M per year

Category: Appropriation Bill

Transmittal Date: 3/19/2011

Bill Description: This bill freezes the DB plans requires all PERS new hires to be members of the DC plan. Eliminates the vesting requirement for employer contributions. Revises the allocation of employer contribution for members of the defined DCRP. Requires the governor to include in the executive budget the funding necessary to amortized the DB UAL.

Note: This bill does allow us to ensure it meets IRS qualifications.

LC 0492 – Generally revise retirement plan laws

Sponsor: Representative Wayne Stahl

Board Position:

Status: *Draft Taken of Hold – 2/8/2011*

Fiscal Impact:

Bill Description: ?

LC 1240 – Generally revise retirement plan laws

Sponsor: Representative Wayne Stahl

Board Position:

Status: *Draft Taken of Hold – 2/10/2011*

Fiscal Impact:

Bill Description: ?

LC 1359 – Require a defined contribution plan only for new public employees

Sponsor: Representative Brian Hoven

Status: *Draft on Hold – 1/24/2011*

Fiscal Impact: Oppose

Bill Description: This bill freezes the DB plans and requires certain state and local government employees to be members of the DC plan. The new DC member is immediately referenced. There is no plan choice rate.

Note: This bill does allow us to ensure it meets IRS qualifications.

LC 1526 – Generally revise laws relating to state-tribal coop agreements act and PERS

Sponsor: Representative Terry Murphy

Board Position: Informational

Status: *Draft Canceled 2/9/2011*

Fiscal Impact:

Bill Description: This bill authorizes separate legal entities created under the state-Tribal Cooperative Agreements Act to contract for PERS coverage.

LC 2085 – Revise optional PERS membership for legislators

Sponsor: Senator Art Wittich

Status: *Draft on Hold – 2/8/2011*

Fiscal Impact:

Bill Description: No Draft Available

Other Related Legislation

HB 192 – Adjust exempt retirement amounts for individual income tax

Sponsor: Representative Jerry O’Neil

Status: Passed Committee with Amendment 2/11/2011 11-8; Scheduled for 2nd Reading – 3/2/2011; Re-referred to House Appropriations – 3/2/2011; ***Hearing Scheduled – 3/8/2011***

Fiscal Impact: This bill increases the maximum exemption amount and income threshold at which the exemption is phased out for the partial pension and annuity income exemption starting in tax year 2012. General fund revenue would decrease by approximately \$1.2M/year.

Bill Description: This bill increases the amount of individual income tax exemption and increases the phase-out amount of the pension income exemption and changes the inflation factor date.

HB 231 – Repeal requirements for municipalities to hire career paid firefighters

Sponsor: Representative Randy Brodehl

Board Position: Oppose – Impact to the actuarial soundness of FURS

Status: Referred to Local Government; Hearing 1/27/11, Passed Committee 14-6 2/3/2011; Passed House 58-41; Transmitted to Senate 2/9/2011; Referred to Senate Local Government – 2/11/2011; Scheduled for Hearing Senate Local Government – 3/7/2011; ***Tabled in Committee – 3/21/2011***

Board Position: Oppose

Fiscal Impact: None

Bill Description: This bill allows a city or town to choose how it provides fire protection; allowing volunteers and contracting for fire service protection.

HB 238 – Revise membership of Public Employees’ Retirement Board

Sponsor: Representative Bill McChesney

Board Position: Oppose

Status: Referred to House State Administration – 1/13/2011, *Tabled in Committee 2/10/2010; Missed Transmittal Deadline*

Fiscal Impact: None

Bill Description: This bill changes the Board makeup by reducing the number of members at large and increasing the number of members who are retired members of the PERS.

HB 313 – Increase game warden salaries

Sponsor: Representative Ted Washburn

Status: Hearing House State Administration – 2/2/2011; *Tabled in Committee – 2/11/2011*

Fiscal Impact: None

Bill Description: This bill provides salary increases for game wardens, provides funding through nonresident license fees, and bases game warden salaries on a market survey of ND, SD, CO, WY, ID, WA and AK.

HB 350 – Revise expiration of state contracts

Sponsor: Representative Wayne Stahl

Board Position: Oppose

Status: Hearing House State Administration – 2/8/11; *Tabled in Committee – 2/17; Missed Transmittal Deadline*

Fiscal Impact: The requirement will create additional workload for State Procurement and also for each agency.

Bill Description: HB 350 would require all contracts for supplies and services to be rebid or renewed at the same time every biennium.

HB 585 – Require publish disclosure of contract with outside counsel for state agencies

Sponsor: Representative Jerry Bennett

Board Position: Opposed; makes process cumbersome and lengthy

Status: *Scheduled for Hearing House Appropriations – 3/10/2011; Passed Committee 17-7 – 3/22/2011; Passed 2nd Reading in the House 87-13 – 3/24/2011*

Fiscal Impact: None

Bill Description: This bill requires legal contracts exceeding \$500,000 or \$500/hour to be reviewed by the State Administration and Veterans' Affairs Interim Committee.

SB 120 – Require publishing of appointed members to all state agency boards

Sponsor: Senator John Brenden

Board Position: Support if language allowing the individual Board member to choose the form of contact for publishing does not change

Status: Passed Senate 50-0; Transmitted to House 1/26/2011; Scheduled for Hearing House State Administration – 3/4/2011; Committee Concurred as Amended 18-0 – 3/11/2011; 3rd Reading Concurred 96-0 – 3/21/2011; *Returned to Senate with Amendments – 3/21/2011*

Fiscal Impact: None

Bill Description: This bill requires all official agency reports to publish for each Board member:

- (1) The Board member's name
- (2) An address, telephone number or email for each board member

- (3) The appointment date
- (4) The term expiration date

The above information must also be available on the agency website.

Note: This does not address whether or not the contact information can be a general email address that is passed on to the Board member. The Board members have a concern about publishing their personal contact information.

Amendment: Amendments are minor for clarity.

SB 150 – Provide for protection of rights through actions against public officials

Sponsor: Senator Art Wittich

Board Position: Oppose

Status: Referred to Senate Judiciary 1/8/2011; Referred to Senate Local Government; *Tabled in Committee 2/5/11*

Fiscal Impact: No fiscal note

Bill Description: This bill provides for the nonpayment of costs and attorney fees when a person acting in an official capacity denies, restricts or infringes upon the exercise of a constitutional right of another. Or, if a person knowingly conducts themselves illegally or with reckless disregard for the rights of another.

SB 222 – Revise qualifications for firefighters

Sponsor: Senator Shannon Augare

Status: Hearing Local Government 2/4/11; Passed Committee 2/4/2011, 7-0; Passed Senate 2/9/11 49-1; Transmitted to House 2/9/11; Referred to House Local Government – 3/3/2011; Hearing Local Government – 3/10/2011; *Concurred as Amended 19-1 – 3/22/2011*

Fiscal Impact: None

Bill Description: This bill requires physical examinations of firefighters and to pass background checks to qualify as a firefighter.